MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2018/2019

PBF0014 – INTRODUCTION TO PERSONAL FINANCE

(Foundation in Business)

18 OCTOBER 2018
9.00am – 11.00am
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **TWO** pages with **FIVE** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

ESSAYS [100 MARKS]

Instructions: Answer **ALL** questions. Write your answers in the Answer Booklet.

QUESTION 1

a) It would be good to have enough cash on hand but sometimes our needs and wants are too big that we need to borrow money in order to finance the purchase. List and explain the **FOUR** main decisions that you should consider when taking up a consumer loan.

(16 marks)

b) Credit card is issued by financial institutions which enables the cardholder to borrow funds. List any **FOUR** advantages of having a credit card.

(4 marks)

(Total 20 marks)

QUESTION 2

a) Define what is meant by the term "leasing a vehicle". List **FIVE** keys in getting a good vehicle leasing.

(8 marks)

b) It does not matter if you have purchased before, buying a house is an exciting yet stressful experience. List and briefly describe any **FOUR** non-financial aspects of buying a house.

(12 marks)

(Total 20 marks)

QUESTION 3

a) Risk management is a process involved with identifying, analysing, and responding to risk. List and explain the **TWO** characteristics of risk.

(4 marks)

b) Every business or individual faces risks that would affect a business or an individual success. Briefly describe **THREE** ways that we can use to deal with risk.

(6 marks)

c) One of the retirement funds available in Malaysia is known as Employee Provident Fund (EPF). Briefly explain the term "Employee Provident Fund (EPF)".

(2 marks)

Continued...

d) Jackson's father is approaching retirement and he is planning to do estate planning. Assuming you are a will and estate planner, kindly advise him on the **FOUR** steps of estate planning process.

(8 marks)

(Total 20 marks)

QUESTION 4

a) Differentiate between "investment" and "speculation". List and explain **TWO** basic categories of investment choices. Provide **ONE** example of each.

(10 marks)

b) Asset allocation attempts to ensure that the investor is well diversified, generally with investments in several different classes of investments. Briefly describe the asset allocation strategies that should be practised by an investor during the **THREE** phases of financial life cycle.

(10 marks)

(Total 20 marks)

QUESTION 5

a) Every phase of life has its own financial needs and concerns. List any **FIVE** financial life events that we face.

(5 marks)

b) Eric has just got married and not long later his wife got pregnant. They are expecting their first baby to be delivered in next year. From the personal financial perspective, list and briefly explain the **FIVE** steps involved in financial planning for having a child.

(10 marks)

c) Being seriously in debt can lead to bankruptcy. State **FIVE** implications of bankruptcy.

(5 marks)

(Total 20 marks)

End of Paper